7 ways the GLOBAL STOCKTAKE can strengthen post-2020 climate finance

iGST
Independent Global Stocktake

1 The Global Stocktake is a core and dynamic element of the 2015 Paris Agreement, and a key opportunity to seek greater ambition for finance

AT FIVE-YEAR INTERVALS, THE

GLOBAL STOCKTAKE (GST)

REVIEWS COLLECTIVE EFFORTS TO INCREASE CLIMATE AMBITION.[1]

2009

Commitment of $100 billion from developed to developing countries

Its finance elements are key enablers of **MITIGATION** and **ADAPTATION** action, with the GST including both the **MEANS OF IMPLEMENTATION AND SUPPORT** from developed countries to developing ones as well as **MAKING FINANCE FLOWS CONSISTENT** with a pathway to low-emission, climate-resilient development.[2]

- FINANCE
- CAPACITY-BUILDING
- TECHNOLOGY TRANSFER

1st GST 2023

The GST mandates that the climate finance community **LEARN FROM THE PAST** in efforts to enhance international climate action.[3]

2nd GST 2028

3rd GST 2033

4th GST 2038

When the first GST finishes in 2023, it will be a way-marker on the road to a **NEW**, and **BIGGER**, **CLIMATE FINANCE GOAL** to be set prior to 2025.[4]

Future GSTs will allow us to repeatedly and critically assess progress made in financing climate action.

2 The GST outcome must demonstrate the shortfalls of poorly defined climate finance goals

A **KEY CLIMATE FINANCE BENCHMARK** is the

$100 billion goal

of the 2009 Copenhagen accord.[5]

Though the **GOAL FALLS SHORT** of financial needs estimates from developing countries, it is echoed in **ARTICLE 9** of the Paris Agreement which contains further climate finance objectives.

ANNUAL FINANCING NEEDS FOR *ONLY* ADAPTATION IN DEVELOPING COUNTRIES

LACK OF CONSENSUS
on what counts as climate finance has led to diverging estimates, particularly for concessional public finance flows from developed to developing countries that are critical to unlocking further finance.[6]

LACK OF CLARITY
on the goal has undermined the predictability of climate finance, which is critical for allowing adequate investment programme planning in developing countries to deliver sustainable change and economic transformation.[7]

GRAPPLING WITH THE $100 BILLION,
the GST will likely emphasise that a post-2020 climate finance regime needs clearer goals, informed by science and evidence and possibly even sub-goals, milestones and metrics for enhanced transparency.

3 The GST is an opportunity to regularly assess progress on climate finance effectiveness

NOT ENOUGH IS KNOWN

about whether climate finance is

MEETING ITS INTENDED OBJECTIVES,

raising issues on access, ownership, impact and alignment with needs.

ENTITIES ACREDITED TO THE MULTILATERAL CLIMATE CHANGE FUNDS

LOCAL STAKEHOLDERS are often the best informed to develop and implement a project in accordance with **NEEDS**, but they can lack the institutional capacity required to access climate finance.

Efforts to improve access have focused on **CAPACITY-BUILDING**, **PEER LEARNING**, the provision of **READINESS FINANCE** and the development of simplified procedures to **DIRECTLY ACCESS** bilateral and multilateral funding.

Yet local-level access to climate finance remains costly and challenging with the process and outcomes of direct access falling short of expectations.[8]

READINESS FINANCE DEPLOYED THROUGH 2020

GCF	Adaptation Fund
$284m	**$1.6m**
138 countries	36 countries

The GST must explore whether climate finance is effective.[9]

In doing so it can work to **DECREASE INEFFICIENCIES** in climate finance access and delivery, and developing metrics for needs alignment and impact, to maximise climate finane potential.

4 The GST should oblige the global community to take a closer look at equity in financing climate action

EQUITY IS ONE OF TWO OVERARCHING PRINCIPLES OF THE GST.[10]

Though a broad concept, equity in the United Nations Framework Convention on Climate Change (UNFCCC) and Paris Agreement refers to the differing obligations and expectations on countries in their activities to address climate change.[11]

EQUITY IN FINANCING CLIMATE ACTION NEEDS TO ADDRESS

FAIR SHARE in the provision of means of implementation and support

FAIR ALLOCATION of such support

EQUITY IN THE ABILITY AND PACE at which countries pursue the climate-consistency of finance flows.[12]

THE GST IS A PLATFORM TO INFORM THE NEW, BIGGER CLIMATE FINANCE GOAL DEBATE,

exploring respective CAPABILITIES and the concept of VULNERABILITY to climate change and just transition that takes on board CLIMATE JUSTICE and EQUITY including gender responsiveness.

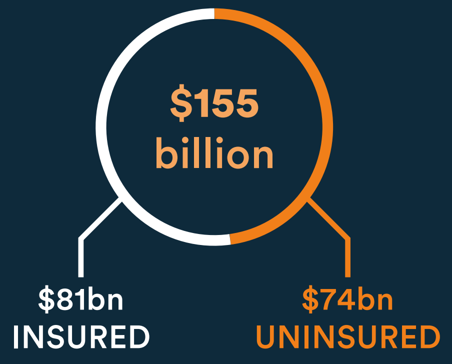
5 The GST should bring loss and damage into the climate finance agenda

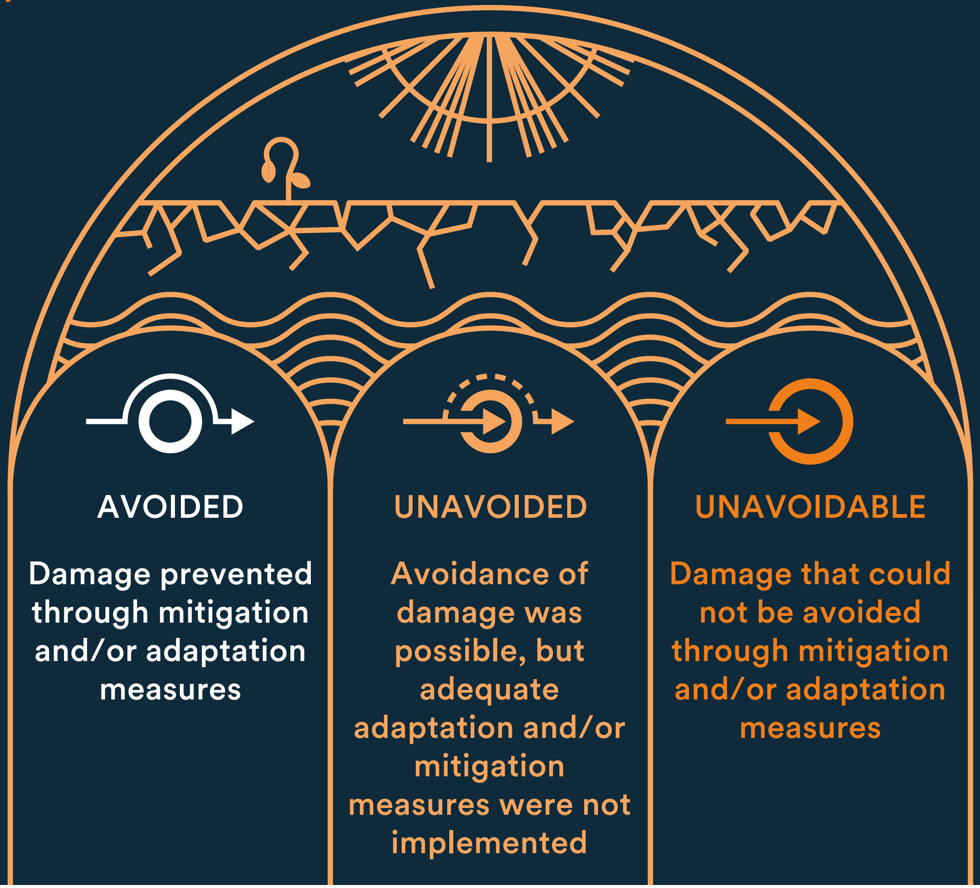
LOSS AND DAMAGE

refers to the economic and non-economic losses due to the adverse effects of climate change.

The GST, at a minimum, will **CONSIDER LOSS AND DAMAGE** in technical dialogues, including those for finance.

2018 TOTAL LOSSES from weather-related events were





With loss and damage downplayed in climate finance discussions to date, there are **NO PROCESSES** for systematically

COLLECTING, RECORDING and REPORTING

information on loss and damage and related financial needs under the UNFCCC.

The GST can **ELEVATE THE DISCUSSION** on loss and damage finance by laying the groundwork and providing a learning function for finance that averts, minimises and addresses loss and damage.[13]

While practical challenges mean it is unlikely to be a comprehensive analysis of loss and damage needs and finance, it is a much-needed step in advancing support for loss and damage.

6 The climate finance community should capitalise on the GST as an opportunity to explore innovative climate finance instruments

THE COVID-19 PANDEMIC HAS CHANGED THE WORLD.

It has emphasised inequalities, increased countries' debt, reduced fiscal space and lowered aid budgets.

IT THREATENS TO REVERSE THE PROGRESS made in reducing global poverty and inequality.[14]

In **2020** World's 50 largest economies spent **$14.6 trillion** in fiscal measures to address the COVID-19 crisis.

For the **CLIMATE EMERGENCY,** the pandemic has been considered a **TURNING POINT** showing government spending for climate can be ramped up through a green recovery and the opportunity should not be squandered.[15]

For the post-2020 climate finance agenda, the pandemic has highlighted the **HIGH LEVEL OF DEBT FINANCE** (albeit at less than market rates) of existing flows.

The GST will provide a forum in which the reignited discussions on debt-for-climate swaps, social protection as a climate response, special drawing rights for climate, utilisation of carbon border adjustment mechanism fees and other **INNOVATIVE CLIMATE FINANCE INSTRUMENTS** can be assessed and progressed.[16]

7 The GST must accelerate the climate-consistency of *all* finance flows in a post-2020 climate finance architecture

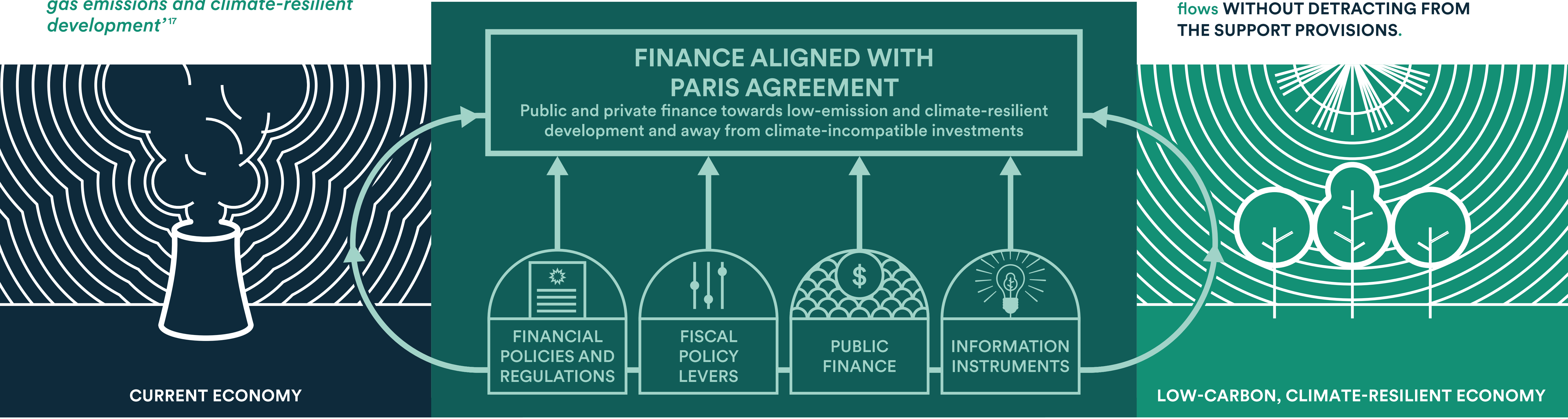
ONE OF THE THREE MAIN GOALS

of the Paris Agreement is to

'make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development'[17]

THE GST IS THE ONLY PLACE IN THE UNFCCC WHERE PROGRESS TOWARDS THE PARIS AGREEMENT'S THIRD LONG-TERM GOAL WILL BE CONSIDERED.

It will need to address **HOW FINANCIAL FLOWS ARE SHIFTING IN ALL COUNTRIES,** and help demonstrate the role of means of implementation and support from developed to developing countries in accelerating the transition in all finance flows **WITHOUT DETRACTING FROM THE SUPPORT PROVISIONS.**



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Acknowledgements:
The authors would like to thank Neil Bird (ODI) and Anoop Poonia for thoughtful review and guidance.

iGST Independent Global Stocktake

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GERMANWATCH

The Independent Global Stocktake (iGST) is a consortium of civil society actors working together to support the Global Stocktake (GST), the formal process established under the Paris Agreement to periodically take stock of collective progress toward its long-term goals.

The Finance Working Group (FWG) of the Independent Global Stocktake (iGST) is an open partnership bringing together a range of expert perspectives from the global north and south on the progress made toward financing climate action. The FWG aims to support and independently benchmark the official UNFCCC Global Stocktake (GST) process.